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**TENNESSEE DEPARTMENT OF REVENUE PROVIDES ANALYSIS OF
FEBRUARY 2003 COLLECTIONS**

NASHVILLE, Tenn. — February 2003 collections of the Tennessee Department of Revenue were \$567,304,238, an increase of \$74,029,844 or 15 percent over February 2002 collections.

Sales and use tax collections were \$396,631,594, up \$56,629,998 or 16.7 percent over February 2002 collections. Tax rate increases accounted for more than 90 percent of the increased collections, with \$49,387,050 due to the 1 percent tax increase and \$2,858,468 due to the single article tax. Including tax changes from the 2002 session, the retail trade group was up 16.4 percent over collections from last year. Contributing to the rise were auto dealers and service stations (up 22 percent), general merchandise stores (up 16.7 percent), eating and drinking places (up 16.5 percent), miscellaneous retail stores (up 15.5 percent), and furniture and home furnishings stores (up 30.7 percent). Sales tax receipts from the services group were up 24.5 percent over collections in February 2002, with business services (up 26.3 percent), auto repair, services and parking (up 20.3 percent), and hotels and lodging places (up 29.1 percent) accounting for the greatest portion of the rise. The non-retail, non-services group was up 10.1 percent, led by communications (up 24.6 percent) and electric, gas and sanitary services (up 23.2 percent).

Franchise and excise tax collections were \$25,274,973, up \$12,439,407 or 96.9 percent when compared to February 2002 collections. Separately, the franchise tax collections were \$7,305,234, up \$1,642,068 or 29 percent over last year. Excise tax collections were \$17,969,739, an increase of \$10,797,339 or 150.5 percent

from February 2002 collections.

Motor vehicle fuel collections rose \$4,191,813 or 35.6 percent from February 2002 levels to a total of \$15,964,288.

Tobacco tax collections were \$9,540,855, surpassing last year's collections by \$3,019,465 or 46.3 percent.

Privilege tax collections were \$14,798,483, an increase of \$1,950,880 or 15.2 percent over collections from the same period last year.

Gasoline tax collections were \$50,213,275 in February 2003, \$1,537,060 or 3.2 percent over February 2002 collections.

Inheritance, gift and estate collections were \$4,362,893, a decrease of \$4,749,354 or 52.1 percent when compared to last year's collections.

The Department of Revenue collects approximately 92 percent of total state tax revenue. During the 2001-2002 fiscal year, the department collected \$7.4 billion in state taxes and fees. In addition to collecting state taxes, more than \$1.4 billion in local sales tax was collected by the department for local governments during the 2001-2002 fiscal year. In addition to collecting taxes, the department enforces the revenue laws fairly and impartially in an effort to encourage voluntary taxpayer compliance. The department also apportions revenue collections for distribution to the various state funds and local units of government.

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